

PRESS CONFERENCE

CHICAGO COUNCIL ON FOREIGN RELATIONS

14 NOVEMBER 1977

- Q. Why wasn't CIA able to predict with any certainty the failure of the Russian crops?
- A. CIA missed the crop failure by some 10%--if Mr. Brezhnev either is telling us the truth or in fact has good estimates of his own. We don't like to miss by 10%, but we are pleased that in the last four or five years since the country was sort of taken by the great train robbery of 1932 we have developed a reasonably good prediction. We were off more this year than before. But it is a difficult technique when you are dealing against a closed society which is not sharing its information with you. It is fortunate that we have a capability to keep abreast of things like this which do affect our own economy. But I'd like to say we don't think the country was taken this time by the Soviets because we were predicting on the first of July onward much larger Soviet grain purchases than they were acknowledging. And we think the market understood that.
- Q. I would like to ask about the stories of the microwave radiation at the American Embassy in Moscow and I suppose what I should ask you to tell us what causes it? What can be done to stop it? Just how serious is it vis-a-vis our own intelligence in Moscow?
- A. What causes it is a different set of morals and standards by the Soviet Union in the way they behave and standards that they'll go to to collect intelligence information. There has been radiation against our Embassy there for a number of years. I'm happy to say that the power levels of it are low enough that we don't believe its an endangerment to human life. It happens that the Soviet standards of what radiation people can accept is about a 1,000 times smaller than ours. They have not exceeded their standards so we don't think it's injurious but it is infideous. It is obviously designed to try to interfere with our activities or to obtain information from our activities.

- Q. Can you, with whatever mechanical means you have at your disposal, stop this radiation?
- A. That is very, very difficult to do from a purely mechanical point of view. They have the territory around us--they could beam from all kinds of directions at us. Technically we have great difficulty in actually stopping that kind of thing. It has to be done by persuasion rather than by brute force.
- Q. A report states that some of that microwave radiation is caused by one of our own antennas on top of the Embassy and that we waited a year and a half or so before we took that antenna off because we didn't want the Russians to state that we were causing all the interference.
- A. You have better intelligence than I do. I've been away for a couple of days and I don't know anything about that particular report.
- Q. Is there any indication that the Soviet intelligence operation in this country is using anything like that?
- A. We know that the Soviets in this country are intercepting our commercial microwave transmissions. We don't have any evidence of radiation against us like they have in Moscow.
- Q. What is that, sir?
- A. It's done from their embassy in Washington, D.C. and it's a danger to us. It's something that we've taken precautions on and on which national policy is being formulated and I think will be enunciated before too long. I'm not free to go much further until that is available to us.

- Q. How much could they pick up by interception of commercial microwave here, in this country?
- A. Did you all read the interesting report in the press--that during the Lufthansa hijacking a man in Israel sat in his apartment with an antenna and he listened to the German commandos chase plane go into Mogadiscio. He turned that information over and it was broadcasted on Israeli radio before the raid took place, before the commandos operated. Fortunately they managed to get it stopped before it went on Israeli television. The information did not apparently get to the hijackers. And then that man sat there and listened to commando operations and how they were progressing. In short, this problem is much more widespread in the world than in our country, than just the Soviet Embassy in Washington, D.C. Whatever goes onto unclassified telephone links that go on the microwave and a lot of it does go on the microwave today. In Washington, D.C. you can make telephone calls from one side of the city to the other and that call will go 22,000 miles up to a satellite and back down again to go 10 miles across the city. But if it is on a microwave link, hijackers, gangsters, foreign intelligence operators, industrial spies and all work to get that information. And it is a problem that the whole country has and much more than in the intelligence sphere.
- Q. Is that the same category that is interfered with in Moscow? Just how serious is their interference, with normal and/or intelligence operations in Moscow? Is it just what goes out over telephone lines by microwave? Are we able to circumvent this?
- A. In Moscow we don't have any microwaves. We are not positively clear what they are interfering with. They help themselves in ways that are very technical and I can't answer that for you--I really can't.

-4-

Q. (Was unintelligible, but had to do with DDO cutbacks.)

A. I came to this job in February and found that my two predecessors and the incumbent professionals in the Central Intelligence Agency had been planning a major reduction in force in order to get back down from the large buildup in Vietnam. In August I made my decision to go ahead with that reduction. I cut it back slightly and I compressed the time frame to two years to avoid having a prolonged period of uncertainty within the Agency. When I announced that decision nobody objected to it. There is almost unanimity of feeling within the organization that we are over-staffed. I promised at that time that the first half of the cut would be announced by the first of November and the second half by the first of June. We announced those on the first of November and now you get a lot of complaints. I'm sorry--it's never easy to tell people that their services are no longer required. I would like not to have done that. But as a taxpayer I cannot condone keeping people on the payroll whom the government doesn't need and as a man I'm very concerned with both the effectiveness and morale of the Agency. (next few sentences unintelligible) We made these announcements, we made these cuts, I think, in the long-term interest of the Agency. We did not make them because I think technical intelligence is going to replace human intelligence. That's not the case. It's a false conclusion of the press to jump to because I am not reducing anybody in the overseas components of the Directorate of Operations which does our overseas human intelligence collection efforts. I'm cutting overhead in the Headquarters and it's been well announced--everybody has known this--that we've tried to do it in as fair and humane a way as we can. I would only say in conclusion that I'm so delighted that the media of this country, after three or four years of intense criticism of the Central Intelligence Agency, is now coming to its defense and worried that it's going to be too small.

- Q. With regard to the pirated microwave messages you said that hijackers and other people have access to. How serious is this? What can be done about it?
- A. A number of things can be done about it. The most simple one is to encrypt it all. Another is to be careful that you don't discuss material that you don't want shared with the general public on unsecure telephone lines. Another is to take as much of your important transmissions as possible and take it off the microwave and onto a cable. We are working in all kinds of those directions.
- Q. (Unintelligible but relates to WASHINGTON POST article on drug testing.)
- A. I stated publicly before the Congress to the extent that the CIA at any time in its history did testing of drugs unwittingly on human beings is abhorrent to me. We do not do it now. Any research in that category that we sponsor is worked through the Department of Health, Education and Welfare for its approval. Let me also put into perspective two things: The program really ended in the 1960s--there were little tail-offs that did not involve human beings at a later period; and secondly, there's a historical matter. The attitudes and standards of our country were different then and we're judging now against today's outlook and I think we've got to put it into some perspective like that. Secondly, let me say, overall ARTICHOKE, MKULTRA, that whole series of problems are almost entirely something that you and I would still stand for today--very good research--very well motivated and properly done. There were a few excesses that I say I abhorred but the bulk of it was not.

- Q. Is the CIA working with SAVAK here or in Amman, and if so what is the purpose?
- A. We lived on arrangements with many intelligence organizations around the world where we share information; we're helping each other in collecting foreign intelligence against third parties within the Communist Bloc. We do not have any arrangements with SAVAK, KCIA or anyone else that permits them to do things in this country in exchange for our doing anything else anywhere. That is not part of our arrangement and we would not tolerate anything of that nature.
- Q. There have been reports of links between the CIA and the Shah of Iran. What relationships exist now between the Shah of Iran's country and ours?
- A. I think I just answered that question as best and as fully as I can. We do have liaison relationships with numerous foreign intelligence organizations and they are of mutual benefit to us and in no way compromise the American standards and values and privacy.
- Q. The Japanese news agency a couple of days ago confirmed that the Soviet Union has been working on a satellite destroyer. What information do you have with regard to the Soviet program in that area?
- A. No question the Soviets have been testing an anti-satellite device and the question of how operational it is at this time is difficult to define or to disclose. But they have been conducting tests over a number of years. The tests have intensified somewhat in the last year and a half. So they are clearly moving to achieve that capability.

- Q. Are the COSMOS satellites that they seem to launch every month at least--are they being used to target these programs?
- A. I'm not sure which satellites are being used for the targets by name. Yes, they put up a target satellite and they put up a killer satellite and they simulate destruction.
- Q. Can you confirm that Japanese news agency report? Have they killed another satellite?
- A. I can only confirm what I told you. The Secretary of Defense made a similar statement about two or three weeks ago on that. It also said that they had been conducting this test. Some of the tests are successful; some of them are not--as in any test program. I don't think you can wave from that.
- Q. Will we develop a similar program?
- A. Will we? That's the Defense Department's problem and they have made a statement on that which I think does indicate they are developing an anti-satellite. But I really don't want to get into that because I'm only here to talk about foreign intelligence, not U.S. programs.
- Q. Admiral, why did you decide to hold a news conference here in Chicago?
- A. Because I believe that the Intelligence Community must be more open, more forthright with the American public today and therefore I'm here to make a speech, several speeches. I'm trying to do that as my time permits around the country, and when you come to a major center of media operations like this, I think it is only desirable from your point of view and mine that I try to share with you what I can within the limits of our secrecy. But I think today there is more that we can do to share with the American public. We have produced a lot of unclassified studies



in the last six months on Soviet economy, world energy situation, world steel market situation and we're doing this with deliberate intent to try to help the American public be better informed and to benefit by the taxes that they put into our operations. At the same time I hope it will keep us in closer touch with the American public and its value and standards because if we do not operate intelligence in this country in ways that conform with those ethical values and standards we're not doing our job.

Q. Is this new openness a directive from the President?

A. Yes. Part of the overall policy that Carter announced before he became President even.

Q. What is the main thrust of your speech?

A. You just heard it--just part of it. It's to talk about the new model of American intelligence which is different, in my opinion, than the old traditional model of intelligence. The old model said that intelligence agencies should preserve maximum secrecy--we should operate with minimum supervision. The new model, which I think conforms to the standards, outlook and culture of America, has more openness as our society is open. And it has more supervision as we have checks and balances built into our governmental process. Now don't let me overstate this--we must have secrecy. You cannot conduct intelligence without secrecy. But we're trying in these studies we've produced publicly to review what we do and say, can it be made public without doing harm to the country's interests and when it can we'll publish and when we can we'll tell you about the process of intelligence. But there are some things we can't tell you--the names of agents, exact techniques of various collection devices, but we can tell you, for instance, that a very large part of intelligence is not a clandestine spying-type operation.

It is what you would term at any normal university or any major corporation as research. We have lots of analysts who research and take the pieces of intelligence and pull them together into a picture puzzle and try to evaluate it and give our decisionmakers in this country a better basis for making their decisions.

Q. (Unintelligible.)

A. I don't think we can change the American standards and jeopardize the values for which we stand to accommodate lesser standards of other people. I don't believe that it is necessary in this new openness and morality to get to a level of ineffectiveness that will endanger the country. It is always a very difficult judgmental decision to be made here and part of what the President has sought and directed in a recent reorganization of the Intelligence Community is a proper balance between more oversight and yet preservation of secrecy. It is a difficult balance that has to be worked out carefully. We are doing that and I'm confident that it is going to come out well but I'll tell you very sincerely I think it will take several years to do it. It will take several years to work out these procedures. For instance, with the new intelligence oversight committees in the Congress. Senator Stevenson of our state is a member of the Senate Committee and Representative McClory of Lake Forest is a member of the House Committee. We work very closely with those people today in establishing the rules that will govern our judgments on what the country's willing to do--what risks we're willing to take to get information that is not available to open sources.

-10-

Q. In relation to that, the amount of work that is going to be done with the members of the intelligence staff. Obviously when they make an approach to Capitol Hill many people become involved in an information process; the staff assistants, the secretaries, etc. That information could go through different facilities; how are you going to keep it limited?

A. We've not had major problems thus far. We make a judgment on each piece of information we pass. Sometimes we have to narrow it down and have one or two staff members only to the council to the committee. Sometimes we have no staff members. We have to treat it in accordance with the delicacy of the information. We have to feel our way into this relationship so that they are comfortable with what we're giving them and we're comfortable that it isn't going to leak out. There are two risks in this whole operation of being more open and being under more supervisory control. The first is the risk of timidity. That we make at least common denominator intelligence that we may be unwilling to take risks. The second is the risk you pointed out of leaks from the number of people involved. I believe that we have and are developing an adequate balance between the risk-taking of timidity or leaks and that level of oversight that will give us assurance against abuse, assurances in performing in the way the country wants. I'm pleased and confident at the direction we're moving and I think they will let us keep the secrecy we need and at the same time perform only in ways that will strengthen our society rather than weaken it.

ADDRESS BY ADMIRAL STANSFIELD TURNER, USN

DIRECTOR OF CENTRAL INTELLIGENCE

CHICAGO COUNCIL ON FOREIGN RELATIONS

14 NOVEMBER 1977

It is really a great treat to be here and I most appreciate your asking me to be with you to talk about what we are doing in the world of intelligence to serve you and to serve the country better. We're reshaping the intelligence structure of your country. President Carter directed a major effort in this direction in February and after six months of scrutiny and close study, in August the President issued directives to make changes in the way we are organized. And as a result of this, we are starting an evolution today toward what I would call a new model of intelligence--an American model. This model contrasts with the old or traditional model in which intelligence organizations always operated in a cloak of maximum secrecy while attempting to operate with minimum of supervision. We hope today to develop a new model which is built to conform with American standards and culture. On the one hand it will be more open as our society is; on the other hand it will be more controlled with a system of checks and balances which characterize our governmental process. So I thought it might be of interest to you today if I discussed some of the actions we're taking to move toward this new model.

The President's directive of last August had two fundamental tenets in it. The first was to strengthen control over the entire intelligence apparatus of our country, thereby hoping to promote greater effectiveness. The second tenet was to assure stringent oversight control thereby increasing accountability.

Now, let me point out that I am the Director of the Central Intelligence Agency, but this is only one of the many intelligence agencies of the government. There are intelligence activities, of course, resident in the Department of Defense, Department of State, Treasury, FBI, and even the new Department of Energy. But I am also

the Director of Central Intelligence. And in that capacity my task is to coordinate, bring together into one effective, harmonious operation the activities of all of these intelligence organizations.

The reorganization the President directed in August strengthens my hand in that regard in two very specific ways. It gave me full authority over the budgets of all of these intelligence activities I've enumerated and secondly, it gave me full authority to direct the tasking--the day-to-day operations of these organizations. This should enable me to better control, to coordinate this total effort of collecting intelligence, analyzing and producing it. And this is really what was intended, in my opinion, in the National Security Act of 1947 which first established the Central Intelligence Agency.

Some of the media have portrayed this as a creation of a dangerous and potential intelligence czar and I think this represents a misunderstanding of the intelligence process as such. Let me explain that intelligence is divided into two separate functions. The first is collecting information and that is the costliest and riskiest of our operations. Here you want good control. Here you want to be sure there is a minimum of overlap because it's very costly and to be sure there is a minimum of possibility of a gap in what you are collecting--because that can be very costly in a different manner. And only centralized control, in my opinion, will ensure this collection effort is well coordinated. The second half of intelligence--on college campuses it would be called research--is analysis, estimating, pulling all the little pieces of information that are obtained by the collectors into a puzzle and trying to make a picture of it. Trying to give the decision-makers, the policymakers of our country a better basis upon which to make those decisions.

-3-

Now let me make it clear that I do not, under this new reorganizations, control the people who do all this analysis. I control those in the CIA but there is a strong analytic capability in the Department of Defense and again in the Department of State and our quest is to see to it that there is competitive, overlapping analyses. The Department of State specializes in political interpretation with a second suit in economics. The Department of Defense specializes in military with a second suit in political. The CIA covers the waterfront. So we have assurance that there will be divergent views come forward if they are warranted. And we encourage that and we want to be sure that the decisionmakers don't get just one point of view when several are justified.

Just let me remind you that should I try to be a czar, should I try to shortchange the dissenting and minority views, there is a Cabinet officer in the Department of Defense and a Cabinet officer in the Department of State who manage those intelligence analytic operations and if I try to run roughshod over them, I'm sure those Cabinet officers are not going to fail to take advantage of the access they have to get their amendments forward. So we are not trying to setup a centralized control over the important interpretive process, but over the collecting process. And I sincerely believe that this new organizational arrangement is going to assure better performance in both collecting and interpreting our intelligence for this country.

The fact that the President, Vice President and many other top officials spent so much time in working on this new reorganization, I believe is indicative of a keen awareness throughout the top echelons of our government that good intelligence is perhaps more important to our country today than in any time since the creation of the Central Intelligence Agency thirty years ago.

-4-

You remember thirty years ago we, of course, had absolute military superiority. Since then the failure of the Soviets to make their system grow adequately in other areas of the military has led them to accent that particular competition. They have, I believe, achieved a position of reasonable parity in most areas of the military. That makes the value of our intelligence product much more important. When you know your enemy's potential and something of his intentions, you can use your forces to much greater advantage. Now, he doesn't give that information away but we can pick up pieces here and pieces there and over a long period of time you can bring that together. It gives your military commanders a sense of leverage for their somewhat equal forces.

Now, let's look past the military scene. Thirty years ago we were also a very dominant and independent economic power. Today we are in an era of economic interdependence, a growing interdependence, and the impact on our economy of events of other economies is more and more apparent. And here, too, I believe we desperately need good intelligence in order to make sure that we don't lose our shirt in the international economic arena.

Also, on the political side, thirty years ago we were the dominant political influence in the world. Today even some of the most pipsqueak nations insist on a totally independent course of action. They go their own way and they don't want to be dictated to by Soviets or ourselves. Here again we must be smart, we must understand the attitudes, the cultures, the outlooks, the policies of these countries so that we are not outmaneuvered in this process.

Now at the same time that we are trying to produce better intelligence in all three of these fields we must, of course, be very careful that we do not undermine the principles, the standards of our country in the process of so doing. Thus, the second leg of the President's



new policy--which is better oversight. Some of the mechanisms to conduct that oversight are, first, the keen and regular participation by both the President and the Vice President in the intelligence process. I can assure you they are both very much on top of it. But beyond that, we have a formalized procedure now in the intelligence oversight committees in the Congress. We have a committee called the Senate Select Committee on Intelligence and we are working very well with it. Our own Senator, Adlai Stevenson, is a member of that Committee and I really enjoy working with him. But we have the relationship here of closeness but yet aloofness. Closeness in that I feel very free in going to them for help and advice, particularly when I'm involved with other committees of the Congress and there may be boundaries that are being encroached upon. But aloofness in that I very definitely report to them when they call and want to know what we are doing and how we're doing it and why. It is a good oversight procedure.

The House of Representatives last August set up a corresponding committee. Representative McClory from Lake Forest is a member of that and a very fine and active one. And we hope and are sure that that relationship will develop as has the one with the Senate.

Beyond this we have oversight in what is known as the Intelligence Oversight Board, comprised of three distinguished Americans; ex-Senator Gore, Ex-Governor Scranton, and Mr. Tom Farmer, a lawyer from Washington. They are appointed by the President. Their only task is to oversee the legality and the propriety of our intelligence operations. They report only to the President. Anyone may go to them, bypassing me, saying, look, that fellow Turner is doing something dastardly or somebody else in the Intelligence Community is doing something he shouldn't be doing. The Board will look into it and let the President know whether they think he should do something in response.

-6-

Now let me be perfectly clear and perfectly honest with you. There are risks to the oversight process. The first is that of timidity, I would say. Timidity in that it's easy when you're overseeing something to decide not to take a risk, not to take a chance and we could fail to do things that may be very important to the long-term benefit of our country. It may put avoidance of current risk over gaining of long-term benefits. And secondly the risk of security leaks. The more you proliferate the number of people involved in sensitive secret intelligence operations, the more danger there is of some inadvertent leak of release. I am confident at this time that we are moving to establish that right balance between the amount of oversight and the amount of danger that it entails. But it will be two or three years before we shake this process out--before we establish just how those relationships are going to exist. And in that time, in that process, we are going to need the understanding and support of the Congress and that, of course, means the support and understanding of the American people.

Accordingly, we are now reappraising the traditional outlook toward secrecy, toward relationships with the public and we are adopting a policy of more openness, more forthrightness in the hope that we can do this at the same time as we ensure preservation of that secrecy which is absolutely fundamental. As a first step we've tried to be more accessible to the American media. We have appeared on GOOD MORNING AMERICA, 60 MINUTES, TIME magazine and also we respond more readily now to inquiries from the media. We try to give substantive, meaningful answers whenever we can within the limits of our necessary secrecy.

-7-

But perhaps more interesting to you who are so concerned with international affairs of this country, we are also today trying to share more of the product of our intelligence efforts--more of the analyses, the estimates, the studies that we do. In fact, we have a policy that when we do a study and it comes out secret, top secret, or destroy before reading or whatever we may label it, we try to reduce it down to an unclassified form and ask ourselves the question, "Will this product still be useful to the American public?" If it is, we feel we have an obligation to print it and publish it. We are doing that to the maximum extent we can.

You have heard of our study last March on the world energy outlook. We've recently done one on the world steel prospects, whether there is over-capacity and what the expected demand is. We've done studies and published them on the Chinese and Soviet energy prospects. And under the aegis of the Joint Economic Committee of Congress last July we published one on the outlook for the Soviet economy itself.

Let me describe that just very briefly to give you the flavor of what we think we can put out in unclassified form what we hope to be of value to you and other Americans and perhaps help improve the general quality and tenor of American debate of major issues affecting our country. Previously, CIA has looked at the Soviet economy and felt that generally it had a capability to achieve three things; to sustain the level of military growth that they were trying to do to catch up with us generally; to make improvements if not spectacular improvements, in the quality of life inside the Soviet Union; and to sustain enough investment to carry on a generally growing economy. Our most recent study reexamines these premises and comes to the conclusion that the outlook for the Soviets is perhaps more bleak today in the economic sphere than at any time since the death of Stalin.

-8-

This is based on our belief that the Soviets have maintained their levels of productivity over these many years primarily by infusing large quantities of labor and capital and we think they are coming to a dead end here. For instance, in the 1960s they had a very big drop in their birth rate. In the 1980s the rate of growth of their labor force is going to drop markedly from about 1.5 percent to about .5 percent. They are not going to be able to find the additional labor to go into increases, keep up their productivity. A lot of the growth of their labor force also today is coming from the central Asian areas of the Soviet Union where they just don't like to go on into the big cities.

Secondly, as far as investment is concerned--capital--their resources are becoming more scarce and more difficult to obtain. They're having to reach for minerals further into the Siberian wasteland which is costly. They can't bring in as much as they have before, particularly in the area of petroleum where we have made this forecast that their emphasis in recent years on current production has been at the expense of developing reserves and new supplies.

Now if you look carefully at the Soviet's five-year development plan you'll see that they are the ones who predict they are not going to be able to make the same infusions of capital and labor as they have in the past. They, however, do come to the conclusion that somehow and nonetheless they are going to increase productivity. We don't think that is in the cards. We see no sign of increasing efficiency, no sign of any willingness to become less shackled to their economic doctrines which are harnessing them back. Instead, we think the Soviets in the years ahead between now and the early 1980s are going to be faced with some difficult pragmatic choices. One may be a debate over the size, the amount of investment in their

armed forces. Clearly, this is one avenue to find labor and capital. Another may be over whether they will continue to fulfill their promises for the delivery of oil to the Eastern European satellites. Will they be able to afford doing this when it becomes more and more difficult for them to obtain hard currency. And the third may be, what are they going to do to obtain the necessary foreign exchange to sustain the rate of infusion of American and Western technology and equipment which they are currently depending upon to increase and improve their economic position. Interestingly, when they face these and other decisions there is a high probability that they are going to be in the midst of a major leadership change. It could be a very difficult time and situation for them. It may go very smoothly--we just can't tell.

One of the important points that comes out of all this is that we believe as they make these policy decisions it's not going to be remote from you and me--it's going to be important to us. What they do with their armed forces obviously impacts on what we do with ours. What they do with their oil inputs to the Eastern European countries and whether that area remains politically stable is going to have a major impact on the events throughout the European scene. If there is too much competition for energy because they don't produce what they need, what is that going to do to the overall world prices of petroleum? If they enter the money markets in an attempt to borrow more from us and others in the West, what is going to be our response? What is going to be our policy in that regard?

Now let me say that when we produce a study like this we are not so confident that we don't want to have a good debate with the others in the American public as to the quality of what we've done. And therefore we find that publishing these studies is also helping us to maintain a good dialogue with the American public. When we did the

-10-

oil study last March, for instance, and it received criticism from the press, we wrote to professors, to oil companies, to think tanks who had come out with criticisms and we said, "Detail those for us--we'd like to have them." When they did we invited them to come into the Agency and discuss them with us and we had some very interesting and stimulating dialogues of the results. It's very beneficial to us to publish these studies as well, I hope, as to the American public. We hope as more of them come off the press we will have more dialogue with the business community and with academia.

Let me assure you, however, while we're on this subject of openness, that we cannot and we will not open up everything. There clearly must be a degree of intelligence that remains secret. Some of the information behind the Soviet oil and economic studies clearly was derived from very sensitive sources. They would dry up if we made them known. Thus, we can't forget that while we're moving ahead with this dialogue with the public and trying to build up more public understanding and respect for what we do in defense of our country, we must also obtain the public understanding for preserving that level of secrecy which is essential for these activities. In short, we're moving in two directions at once today. On the one hand, we're opening up more, but in that process we expect to obtain greater secrecy for what remains classified. When too much is classified it is not respected and not well treated. The other direction we're moving is simply to tighten the noose of security around those things which must be kept secret.

What I'm really saying in summary is that we're trying to develop a model of intelligence uniquely tailored to this country, which on the one hand balances an increased emphasis on openness with a preservation of that necessary secrecy where it truly is necessary.

-11-

And the model which also combines an emphasis on continued effectiveness in getting the job done and obtaining that information which our policymakers require while on the other hand exercising effective control. I am confident that while this model is still evolving it is moving in a direction in which we can preserve the necessary secrecy while at the same time conducting our necessary intelligence operations only in a way which will in the long run strengthen our open and free society.

Thank you very much.

-END-

Council on Foreign Relations  
Chicago, Illinois

1100-1300, 14 November 1977

Talk - what doing reshape - retain effectiveness - meet standards

AN AMERICAN MODEL OF INTELLIGENCE

- A. Culminating 6 months of intensive effort, the President, in early August, announced a major reorganization of the intelligence apparatus of this country.

The long term effect of this move will be to force the evolution of an intelligence organization quite different from any that has existed before. In effect creating a distinctly American model of intelligence.

Old model - max secrecy/independence

New - 1) open; 2) checks and balances

Today I thought it might be of interest to you, if I discussed how President going about moving us to this new model.

- B. The President's decision on organization has achieved two things:

1. strengthened control over the whole intelligence apparatus - thereby improving effectiveness;



2. ensured stringent oversight - thereby  
tightening accountability.

As Director of the Central Intelligence Agency I run one of many agencies in the U.S. Government involved in producing intelligence. Others include the Defense Intelligence Agency in DOD, the Bureau of Intelligence and Research in the State Department, the FBI, Treasury, and the new Energy Department.

I am also the Director of Central Intelligence. As such I have the broad charter of pulling together the efforts of all these various agencies and offices. In the reorganization the President has strengthened my hand to do this by giving my office:

1. full authority over the budgets of all intelligence agencies, and
2. full authority for setting their tasks.

This should enable me to coordinate and control our total collection efforts to a degree hoped for but not realized in the National Security Act of 1947. Claims aired by some journalists that this creates an intelligence czar reflect a lack of understanding of the intelligence process. You see there are two sides to the coin of providing good intelligence to our top decision-makers:

1. Collecting  
- most expensive/riskiest

- want good control; want minimum  
overlap; want no coverage gaps
- only centralized control ensures this.

2. Research, analysis, interpretation

*Large %  
business*

- mountains of info collected
- want plenty of overlap to ensure
  - o divergent/independent views
  - o full range of interpretation
- I do not control analysis except at the CIA
- continued redundancy assured because in fact 3 organizations do competitive analysis of intelligence:
  - o State - Political/Econ
  - o DOD - Military/Political
  - o CIA - Political/Mil/Econ

I believe that this new organizational arrangement will ensure better performance in both collecting and interpreting intelligence. I am confident, also that the President and many other of our top executives

Approved For Release 2001/11/08 : CIA-RDP80B01554R002700290001-5  
gave a great deal of attention to this new plan  
because of a recognition that good intelligence  
is perhaps more important to our country today  
than ever since the creation of a Central Intelligence  
organization 30 years ago.

11 Thirty years ago we had vast military superiority.  
The Soviets having recognized the failure of their  
system to grow in other ways, have become a world  
power based on their military might. ~~Large amounts~~  
~~of this power are posed on NATO's frontiers in~~  
~~Europe and range the high seas~~ In this  
condition of rough military parity, the value of  
intelligence today is great. Real advantages can  
accrue from accurately knowing what your potential  
adversary's strength is and what he intends to do  
with it. He seldom tells you this, but he does  
give it away in many small ways, which, when watched  
over a long period of time, and pieced together,  
can give you real advantages. It is the kind of  
leverage that can turn the tide of battle.

If you look past the military scene, there are  
other similar situations:

Economics - 30 years ago - economically  
independent - today interdependence - energy situation -  
lose shirt if not smart - power blocks - raw materials/  
trade leverage.

Politics - world different - from U.S. domination  
to situation today, even smallest evolving nations

Approved For Release 2001/11/08 : CIA-RDP80B01554R002700290001-5

are going own way and do not want to be dictated to either by the U.S. or Soviet Russia. We must be smart, understand pol/econ/cultural attitudes or we will be out-maneuvered.

At same time we must achieve this necessary intell in manner will not undermine principles and standards of our society. Thus a second major effect of the President's has been to make the oversight process more comprehensive.

- Oversight

(1) Personal interest of President/VP

(2) Senate Select Committee

- relations with IC are close  
and excellent

*Stenerson*

(3) New House Committee

- benefits of 1 committee in House  
and 1 in Senate

*McChery*

(4) Legal requirement for approval for  
covert operations

(5) IOB

- Risk in all of this:

(1) Timidity - least common denominator

(2) Security leaks

*2-3 Years - Confidential  
Support - Congress - Public*

Approved For Release 2001/11/08 : CIA-RDP80B01554R002700290001-5

C. Next several years critical - I'm confident, but alert.

*Suggest* Need understanding and support of Congress - which means public. Hence, we are carefully reappraising our policies regarding secrecy and openness, looking for ways in which we can be more forthright with the public and at the same time ensure adequate secrecy to carry out our operations. *}*

1. As a first step, we have tried to be more accessible to the media.

- Time
- Good Morning America - 60 Minutes
- Interviews

*Important 2 people interested  
foreign affairs.*

2. We are also attempting to make more of our product accessible to the public. The publication of unclassified studies is one of our most important, substantive initiatives. It stems from a conviction that the Intelligence Community is working for the American people and that they deserve to share our results whenever that is possible. We intend to publish in unclassified form the maximum amount of intelligence analysis that we can.

To date we have published several major studies which I believe make an important contribution to public debate:

- World Steel Outlook
- World Energy Situation
- Soviet/Chinese Energy Prospects

Building on these studies we have been looking at other aspects of the Soviet economy like:

- o demographic factors,
- o influence of oil output decline, etc.

This has led to a recently completed study for the Joint Economic Committee of Congress on Soviet Economic Problems and Prospects. Let me describe - flavor what can share -

From the mid-1960's until very recently, CIA viewed Soviet economic performance as adequate to allow the simultaneous achievement of the Soviet government's most important objectives - i.e.,

- o to catch up militarily with the US;
- o to provide regular, if unspectacular improvements in living conditions; and
- o to sustain investment needed for fairly rapid economic growth.

This study thoroughly re-examines these assumptions and comes to the conclusion that Soviet prospects are more bleak than at any time since Stalin's death.

The Problem:

1. Dead end on productivity policy of increasing inputs of labor and capital.
  - a. Decreasing rate of growth of manpower - what there will be from traditionally rural areas;  
precipitous labor shortage - 1960 birth rates;
  - b. Rapid depletion of cheap, conveniently located mineral reserves;
  - c. Oil shortage caused by policy of increased output vice development of new sources.
- 5 year plan acknowledges - but predicts productivity up
- Don't believe can do - no sign prod/effic improving econ doctrine diff to change
- Instead difficult pragmatic choices.
  1. intense debate over military expenditures - manpower and investment
  2. reduce oil exports to E. Europe, worsening already diff economic situation and threatening

1.5% - .5%

3. reduced hard currency earning capability and  
hence imports technology - alternative -  
borrow more

Decisions likely - period leadership change

One of the most important points which comes out of all this, I believe, is that these policy decisions which the Soviets must make in the near future, seem on the surface remote to our lives. Yet, they will impact on us in fundamental ways:

1. If the size of the Soviet Armed Forces should be affected, what does that mean in terms of our Armed Forces and the expenditures on the weapons of the 1980's which we are now funding?

2. If there is increased competition for finite energy reserves, what will that do to prices? To the availability of fuel? How should that influence our energy decisions?

3. If economies of E. Europe are in for trouble is there greater potential for tension in Europe?

*Not containing right debate*  
4. Borrow-money markets-policy choices

One of the side benefits of publishing this type of study is the exchanges it leads to with our critics.

In the case of our first oil study, I replied to all serious critics and invited them to detail their criticisms. Those who did, were invited to spend a day with the authors of our study. It was an excellent exchange and of a type which I hope will occur

*with study on Sov economy.*



As we continue to make public more studies, I want to encourage future dialogues with both the academic and business communities.

Same time, let me assure you, however, that we cannot and will not open everything up. An essential ingredient of intelligence operations is the ability to preserve secrets. Some of the information behind both the Soviet oil and economic forecasts was derived from secret sources which would be jeopardized in the future were we to reveal them.

Thus, we cannot forget that while we move to improve the dialogue with the public and build public understanding and support for what we do in the defense of our country, we must ask and obtain the public's understanding in preserving that level of secrecy which is essential to these activities.

In short, we are working in two directions at once. By declassifying information that need not be classified we are attempting to promote greater respect for genuinely secret information.

-14-

On the other side of the coin, we are drawing a tighter protective circle around that information or those activities which are truly secret.

Model combines openness/secrecy.

Model combines effectiveness/control.

Confident, evolving model under which is preserved secrecy necessary.

Perform in ways which strengthen our open and free society.

Council on Foreign Relations  
Chicago, Illinois

1100-1300, 14 November 1977

AN AMERICAN MODEL OF INTELLIGENCE

- A. Culminating 6 months of intensive effort, the President, in early August, announced a major reorganization of the intelligence apparatus of this country.

The long term effect of this move will be to force the evolution of an intelligence organization quite different from any that has existed before. In effect creating a distinctly American model of intelligence.

Today I thought it might be of interest to you, if I discussed the fundamental character of that model.

- B. The President's decision on organization has achieved two things:

1. strengthened control over the whole intelligence apparatus - thereby improving effectiveness;

2. ensured stringent oversight - thereby tightening accountability.

As Director of the Central Intelligence Agency I run one of many agencies in the U.S. Government involved in producing intelligence. Others include the Defense Intelligence Agency in DOD, the Bureau of Intelligence and Research in the State Department, the FBI, Treasury, and the new Energy Department.

I am also the Director of Central Intelligence. As such I have the broad charter of pulling together the efforts of all these various agencies and offices. In the reorganization the President has strengthened my hand to do this by giving my office:

1. full authority over the budgets of all intelligence agencies, and
2. full authority for setting their tasks.

This should enable me to coordinate and control our total collection efforts to a degree hoped for but not realized in the National Security Act of 1947. Claims aired by some journalists that this creates an intelligence czar reflect a lack of understanding of the intelligence process. You see there are two sides to the coin of providing good intelligence to our top decision-makers:

1. Collecting

- most expensive/riskiest

- want good control; want minimum overlap; want no coverage gaps
- only centralized control ensures this.

2. Research, analysis, interpretation

- mountains of info collected
- want plenty of overlap to ensure
  - o divergent/independent views
  - o full range of interpretation
- I do not control analysis except at the CIA
- continued redundancy assured because in fact 3 organizations do competitive analysis of intelligence:
  - o State - Political/Econ
  - o DOD - Military/Political
  - o CIA - Political/Mil/Econ

I believe that this new organizational arrangement will ensure better performance in both collecting and interpreting intelligence. I am confident also that the President and many other of our top executives

Approved For Release 2001/11/08 : CIA-RDP80B01554R002700290001-5  
gave a great deal of attention to this new plan

because of a recognition that good intelligence is perhaps more important to our country today than ever since the creation of a Central Intelligence organization 30 years ago.

Thirty years ago we had vast military superiority. The Soviets having recognized the failure of their system to grow in other ways, have become a world power based on their military might. Large amounts of this power are posed on NATO's frontiers in Europe and range the high seas. In this condition of rough military parity, the value of intelligence today is great. Real advantages can accrue from accurately knowing what your potential adversary's strength is and what he intends to do with it. He seldom tells you this, but he does give it away in many small ways, which, when watched over a long period of time, and pieced together, can give you real advantages. It is the kind of leverage that can turn the tide of battle.

If you look past the military scene, there are other similar situations:

Economics - 30 years ago - economically independent - today interdependence - energy situation - lose shirt if not smart - power blocks - raw materials/ trade leverage.

Politics - world different - from U.S. domination to situation today, even smallest evolving nations

are going own way and do not want to be dictated to either by the U.S. or Soviet Russia. We must be smart, understand pol/econ/cultural attitudes or we will be out-maneuvered.

At same time we must achieve this necessary intell in manner will not undermine principles and standards of our society. Thus a second major effect of the President's has been to make the oversight process more comprehensive.

- Oversight

(1) Personal interest of President/VP

(2) Senate Select Committee

- relations with IC are close  
and excellent

(3) New House Committee

- benefits of 1 committee in House  
and 1 in Senate

(4) Legal requirement for approval for  
covert operations

(5) IOB

- Risk in all of this:

(1) Timidity - least common denominator

(2) Security leaks

C. Next several years critical - I'm confident, but alert. Need understanding and support of Congress - which means public. Hence, we are carefully reappraising our policies regarding secrecy and openness, looking for ways in which we can be more forthright with the public and at the same time ensure adequate secrecy to carry out our operations.

1. As a first step, we have tried to be more accessible to the media.

- Time
- Good Morning America - 60 Minutes
- Interviews

2. We are also attempting to make more of our product accessible to the public. The publication of unclassified studies is one of our most important, substantive initiatives. It stems from a conviction that the Intelligence Community is working for the American people and that they deserve to share our results whenever that is possible. We intend to publish in unclassified form the maximum amount of intelligence analysis that we can.



To date we have published several major studies which I believe make an important contribution to public debate:

- World Steel Outlook
- World Energy Situation
- Soviet/Chinese Energy Prospects

Building on these studies we have been looking at other aspects of the Soviet economy like:

- o demographic factors,
- o influence of oil output decline, etc.

This has led to a recently completed study for the Joint Economic Committee of Congress on Soviet Economic Problems and Prospects. Let me describe - flavor what can share -

From the mid-1960's until very recently, CIA viewed Soviet economic performance as adequate to allow the simultaneous achievement of the Soviet government's most important objectives - i.e.,

- o to catch up militarily with the US;
- o to provide regular, if unspectacular improvements in living conditions; and
- o to sustain investment needed for fairly rapid economic growth.

This study thoroughly re-examines these assumptions and comes to the conclusion that Soviet prospects are more bleak than at any time since Stalin's death.

The Problem:

1. Dead end on productivity policy of increasing inputs of labor and capital.
  - a. Decreasing rate of growth of manpower - what there will be from traditionally rural areas;  
precipitous labor shortage - 1960 birth rates;
  - b. Rapid depletion of cheap, conveniently located mineral reserves;
  - c. Oil shortage caused by policy of increased output vice development of new sources.
- 5 year plan acknowledges - but predicts productivity up
- Don't believe can do - no sign prod/effic improving  
econ doctrine diff to change
- Instead difficult pragmatic choices
  1. intense debate over military expenditures -  
manpower and investment
  2. reduce oil exports to E. Europe, worsening  
already diff economic situation and threatening

3. reduced hard currency earning capability and  
hence imports technology - alternative -  
borrow more

Decisions likely - period leadership change

One of the most important points which comes out of all this, I believe, is that these policy decisions which the Soviets must make in the near future, seem on the surface remote to our lives. Yet, they will impact on us in fundamental ways:

1. If the size of the Soviet Armed Forces should be affected, what does that mean in terms of our Armed Forces and the expenditures on the weapons of the 1980's which we are now funding?
2. If there is increased competition for finite energy reserves, what will that do to prices? To the availability of fuel? How should that influence our energy decisions?
3. If economies of E. Europe are in for trouble is there greater potential for tension in Europe?

One of the side benefits of publishing this type of study is the exchanges it leads to with our critics. In the case of our first oil study, I replied to all serious critics and invited them to detail their criticisms. Those who did, were invited to spend a day with the authors of our study. It was an excellent exchange and of a type which I hope will occur

as a result of this new study on the Soviet economy.

In the case of a recent study of the Chinese grain prospects, it was reported in the New York Times (31 Oct 77) that, while this CIA source of information is "a welcome development for an industry that lives and breathes on intelligence", some commodity specialists questioned whether the study reflected the facts, or whether they were planted for some purpose other than to inform the trade.

My answer is twofold:

First) Our unclassified studies, like the economic study of China, contain exactly the same facts, analysis, and conclusions which we present to the President and other senior decisionmakers. The only difference being that to declassify the study, it is often necessary to omit details which reveal sensitive sources in order to protect those sources. These omissions do not vitiate or change either the facts on which the study is based, or its conclusions. If would; don't publish

Second) The value of the Intelligence Community or any of its products is directly related to the accuracy and freedom from bias of its work. We have no policy function. I have no direct or implicit responsibility to support any Administration position. I am asked only to collect information, then to interpret and analyze it

-11-

thoroughly and honestly. Neither myself, nor any of the hundreds of serious analyst - scholars who produce these studies would tolerate any less a standard.

As we continue to make public more studies, I want to encourage future dialogues with both the academic and business communities - first to ensure any suspicions such as I have described with the China study are addressed directly and, more importantly, so that we both can benefit from the rigors of an intellectual exchange.

- D. Let me assure you, however, that we cannot and will not open everything up. An essential ingredient of intelligence operations is the ability to preserve secrets. Some of the information behind both the Soviet oil and economic forecasts was derived from secret sources which would be jeopardized in the future were we to reveal them.

Thus, we cannot forget that while we move to improve the dialogue with the public and build public understanding and support for what we do in the defense of our country, we must ask and obtain the public's understanding in preserving that level of secrecy which is essential to these activities.

In short, we are working in two directions at once. By declassifying information that need not be classified we are attempting to promote greater respect for genuinely secret information.

On the other side of the coin, we are drawing a tighter protective circle around that information or those activities which are truly secret.

E. In conclusion, let me make three points:

1. The Intelligence Community is a unique national resource without which our country could not operate as well as it does in this complicated world. This resource must be preserved.

2. You will be hearing from the Intelligence Community more. As we continue to mold our more open American model of intelligence, I intend to make the public one of the direct beneficiaries of our efforts to a degree which has never been attempted before.

3. Because of the intense interest in Congress in overseeing intelligence activities; because of the personal interest of the President and Vice President; because of the sensitivity within the Intelligence Community itself to the issues of legality, morality and ethics, heightened over the past few years of investigation and criticism; you can be assured that the Intelligence Community is doing the job it was created to do, doing it very competently, and doing nothing else.

National Council of World Affairs  
CIA Headquarters Bldg.  
1600, Tuesday, 8 November 1977

Council on Foreign Relations  
Chicago, Illinois  
1100-1300, 14 November 1977

14 NOV 1977

AN AMERICAN MODEL OF INTELLIGENCE

- A. Culminating 6 months of intensive effort, the President, in late August, announced a major reorganization of the intelligence apparatus of this country.

The long term effect of this move will be to force the evolution of an intelligence organization quite different from any that has existed before. In effect creating a distinctly American model of intelligence.

Today I thought it might be of interest to you if I discussed the fundamental aspects of these changes as I see them, as well as touching on some of the other actions being initiated by your intelligence community.

- B. The President's decision on reorganization has achieved two things:

1. strengthened control over the whole intelligence apparatus - thereby improving effectiveness;

2. ensured stringent oversight - thereby tightening accountability.

As Director of the Central Intelligence Agency I run one of many agencies in the U.S. Government involved in collecting intelligence. Others include the Defense Intelligence Agency in DOD, the Bureau of Intelligence and Research in the State Department, the FBI, Treasury, and the new Energy Department.

I am also the Director of Central Intelligence. As such I have the broad charter of pulling together the efforts of all these various agencies and offices. In the reorganization the President has strengthened my hand to do this by giving my office:

1. full authority over the budgets of all intelligence agencies, and
2. full authority for setting their tasks.

This enables me to coordinate and control our total collection efforts to a degree hoped for but not realized in the National Security Act of 1947. Claims aired by some journalists that this creates an intelligence czar reflect a lack of understanding of the intelligence process. You see there are two sides to the coin of providing good intelligence to our top decision-makers:

1. Collecting

- most expensive/riskiest

- done by all agencies just mentioned



- want good control; want minimum overlap; want no coverage gaps
- only centralized control ensures this.

2. Research, analysis, interpretation

- mountains of info collected
- want plenty of overlap to ensure
  - o divergent/independent views
  - o full range of interpretation
- I do not control analysis except at the CIA
- continued redundancy assured because in fact 3 organizations do competitive analysis of intelligence:
  - o State - Political/Econ
  - o DOD - Military/Political
  - o CIA - Political/Mil/Econ

I believe that this new organizational arrangement will ensure better performance in both collecting and interpreting intelligence. I am confident also that the President and many other of our top executives

Approved For Release 2001/11/08 : CIA-RDP80B01554R002700290001-5  
gave a great deal of attention to this new plan  
because of a recognition that good intelligence  
is perhaps more important to our country today  
than ever since the creation of a Central Intelligence  
organization 30 years ago.

Thirty years ago we had vast military superiority.  
The Soviets having recognized the failure of their  
system to grow in other ways, have become a world  
power based on their military might. Large amounts  
of this power are posed on NATO's frontiers in  
Europe and range the high seas. In this  
condition of rough military parity, the value of  
intelligence today is great. Real advantages can  
accrue from accurately knowing what your potential  
adversary's strength is and what he intends to do  
with it. He seldom tells you this, but he does  
give it away in many small ways, which, when watched  
over a long period of time, and pieced together,  
can give you real advantages. It is the kind of  
leverage that can turn the tide of battle.

If you look past the military scene, there are  
other similar situations:

Economics - 30 years ago - economically  
independent - today interdependence - energy situation -  
lose shirt if not smart - power blocks - raw materials/  
trade leverage.

Politics - world different - from U.S. domination  
to situation today, even smallest evolving nations

Approved For Release 2001/11/08 : CIA-RDP80B01554R002700290001-5

are going own way and do not want to be dictated to either by the U.S. or Soviet Russia. We must be smart, understand pol/econ/cultural attitudes or we will be out-maneuvered. At same time we must achieve this necessary intell in manner will not undermine principles and standards of our society. Thus a second major effect of the President's has been to make the oversight process more comprehensive.

- Oversight

- (1) Personal interest of President/VP
- (2) Senate Select Committee
  - relations with IC are close and excellent
- (3) New House Committee
  - benefits of 1 committee in House and 1 in Senate
- (4) Legal requirement for approval for covert operations
- (5) IOB.

- Risk in all of this:

- (1) Timidity - least common denominator
- (2) Security leaks

Approved For Release 2001/11/08 : CIA-RDP80B01554R002700290001-5

C. Next several years critical - I'm confident, but alert. Need understanding and support of Congress - which means public. Hence, we are carefully reappraising our policies regarding secrecy and openness, looking for ways in which we can be more forthright with the public and at the same time ensure adequate secrecy to carry out our operations.

1. As a first step, we have tried to be more accessible to the media.

- Time
- Good Morning America - 60 Minutes
- Interviews

2. We are also attempting to make more of our product accessible to the public. The publication of unclassified studies is one of our most important, substantive initiatives. It stems from a conviction that the Intelligence Community is working for the American people and that they deserve to share our results whenever that is possible. We intend to publish in unclassified form the maximum amount of intelligence analysis that we can.

To date we have published several major studies which I believe make an important contribution to public debate:

- World Energy Situation
- Soviet/Chinese Energy Prospects

Building on these studies we have been looking at other aspects of the Soviet economy like:

- o demographic factors,
- o growth of the labor force,
- o influence of oil output decline, etc.

This has led to a recently completed study for the Joint Economic Committee of Congress on Soviet Economic Problems and Prospects.

From the mid-1960's until very recently, CIA viewed Soviet economic performance as adequate to allow the simultaneous achievement of the Soviet government's most important objectives - i.e.,

- o to catch up militarily with the US;
- o to provide regular, if unspectacular improvements in living conditions; and
- o to sustain investment needed for fairly rapid economic growth.

This study thoroughly re-examines these assumptions and comes to the conclusion that Soviet prospects are more bleak than at any time since Stalin's death.

The Problem:

1. Dead end on productivity policy of increasing inputs of labor and capital.
  - a. Decreasing rate of growth of manpower - what there will be from traditionally rural areas; precipitous labor shortage - 1960 birth rates;
  - b. Rapid depletion of cheap, conveniently located mineral reserves;
  - c. Oil shortage caused by policy of increased output vice development of new sources.
- 5 year plan acknowledges - but predicts productivity up
- Don't believe can do - no sign prod/effic improving econ doctrine diff to change
- Instead difficult pragmatic choices
  1. intense debate over military expenditures - manpower and investment
  2. reduce oil exports to E. Europe, worsening already diff economic situation and threatening

3. reduced hard currency earning capability and hence imports technology - alternative - borrow more

Decisions likely - period leadership change

One of the most important points which comes out of all of this, I believe, is that these policy decisions which the Soviets must make in the near future, seem on the surface remote to our lives. Yet, they will impact on us in fundamental ways:

1. The size of the Soviet Armed Forces should be affected. What does that mean in terms of our Armed Forces and the expenditures on the weapons of the 1980's which we are now funding?

2. The increased competition for finite energy reserves. What will that do to prices? To the availability of fuel? How should that influence our energy decisions?

3. The possible economic destabilization of E. Europe. Greater potential for conflict in Europe? Potential for greater Western influence?

One of the side benefits of publishing this type of study is the exchanges it leads to with our critics. In the case of our first oil study, I replied to all serious critics and invited them to detail their criticisms. Those who did, were invited to spend a day with the authors of our study. It was an excellent exchange and of a type which I hope will occur

as a result of this new study on the Soviet economy. As we continue to make public more studies I want to encourage future dialogues with both the academic and business communities.

- D. Let me assure you, however, that we cannot and will not open everything up. An essential ingredient of intelligence operations is the ability to preserve secrets. Some of the information behind both the Soviet oil and economic forecasts was derived from secret sources which would be jeopardized in the future were we to reveal them.

Thus, we cannot forget that while we move to improve the dialogue with the public and build public understanding and support for what we do in the defense of our country, we must ask and obtain the public's cooperation in preserving that level of secrecy which is essential to these activities.

In short, we are working in two directions at once. By declassifying information that need not be classified we are attempting to promote greater respect for genuinely secret information.

On the other side of the coin, we are drawing a tighter protective circle around that information or those activities which are truly secret.



E. In conclusion, let me make three points:

1. The Intelligence Community is a unique national resource without which our country could not operate as well as it does in this complicated world. This resource must be preserved.

2. You will be hearing from the Intelligence Community more. As we continue to mold our more open American model of Intelligence, I intend to make the public one of the direct beneficiaries of our efforts to a degree which has never been attempted before.

3. Because of the intense interest in Congress in overseeing intelligence activities; because of the personal interest of the President and Vice President; because of the sensitivity within the Intelligence Community itself to the issues of legality, morality and ethics, heightened over the past few years of investigation and criticism; you can be assured that the Intelligence Community is doing the job it was created to do, doing it very competently, and doing nothing else.

An American Model of Intelligence

I appreciate your asking me to be with you to talk about what we are doing in the world of intelligence to serve you and to serve the country. President Carter directed a major effort to reshape the intelligence structure of this country back in February. After six months of scrutiny, close study, and consideration of many alternatives, in August, the President issued several directives to change the way the Intelligence Community is organized. As a result of this, we are starting to evolve today toward a new model of intelligence - an American model.

This American model contrasts with the old, traditional model where intelligence organizations operated under a cloak of maximum secrecy and with a minimum of supervision. We hope today to develop a model which will conform to American standards of ethics and propriety and at the same time continue to provide senior decision makers in government with the facts on which they can base sound decisions. On the one hand it will be more open as our society is more open; on the other hand it will be more controlled, with checks and balances much like those which characterize the rest of our governmental

process. I thought it might be of interest to you today if I discussed some of the actions we're taking to move toward this new model.

The President's directive of last August had two fundamental objectives. The first was to strengthen control over our entire intelligence apparatus thereby encouraging greater effectiveness. The second objective was to assure control through stringent oversight, thereby increasing accountability.

Now let me point out that I am the Director of the Central Intelligence Agency, but this is only one of many intelligence agencies of the government. Intelligence activities also reside in the Department of Defense, in the Department of State, Treasury, the FBI, and even the new Department of Energy. But I am also the Director of Central Intelligence. In that capacity my task is to coordinate, to bring together into one effective, harmonious operation, the activities of all of those intelligence organizations. The President's reorganization strengthens my hand in that regard in two very specific ways. As the Director of Central Intelligence it gave me full authority over the budgets of all of the intelligence activities I've enumerated; and secondly, it gave me full authority to direct their tasking, that is, the day to day operations of these organizations. This should enable me to better

Approved For Release 2001/11/08 : CIA-RDP80B01554R002700290001-5

control the total effort of collecting, analyzing, and producing intelligence. This is really what was intended, in my opinion, in the National Security Act of 1947 which first established the Central Intelligence Agency.

Now some of the media have portrayed this as the potential creation of an intelligence czar. That interpretation could only come from a misunderstanding of the intelligence process itself. Let me explain. Intelligence activities can be divided into two basic and separate functions. The first is collecting information. This is the costliest and the riskiest of our operations. It involves, among other things, reading foreign newspapers, intercepting broadcasts, trying to break codes, and recruiting individual in other countries to spy for us. Here you want good control. You want to be sure there is a minimum of overlap because each of these activities are time consuming and very costly; and you want to be sure there is a minimum possibility of a gap in what you're collecting because that could be responsible for another Pearl Harbor. Only centralized control can ensure the intelligence collection effort is well coordinated. The second major activity of intelligence organization is analysis. It is exactly the same as

Approved For Release 2001/11/08 : CIA-RDP80B01554R002700290001-5

what would be called research on a college campus. It is the analyzing, the estimating, the pulling together all the little pieces of information that are obtained by the collectors and trying to put them together to produce a coherent picture of what another country is doing, or thinking, or planning. Hopefully this picture, or analysis, provides the decision-makers, the policy-makers of our country, a better basis upon which to make those decisions.

Now let me make it clear, that under this new reorganization I do not control all the people who do these analyses. I do control those in the CIA; however, there is a strong analytic capability in the Department of Defense and another in the Department of State. The Department of State specializes in political analysis with second suit in economics. The Department of Defense specializes in military analysis with a second suit in political. The CIA covers the waterfront. So we have assurance that divergent views will come forward if they exist. We encourage that. It is in the interest of each of us in the Intelligence analysis business to be sure that the decision-makers don't get just one point of view when several are justified. Our quest is to see to it that there is competitive, overlapping analyses. But, should I try to be a czar; should I try to short-change the descenting or minority views, there is a Cabinet officer in the

Approved For Release 2001/11/08 : CIA-RDP80B01554R002700290001-5

Approved For Release 2001/11/08 : CIA-RDP80B01554R002700290001-5

Department of Defense, and another in the Department of State who manage those intelligence analytic operations. If I were to try to run roughshod over their views of events, I am sure those Cabinet officers would not fail to take advantage of the access they have to the President to ensure their views are brought forward. So we are not trying to set up a centralized control over the important interpretive process but over the collecting process. And, I sincerely believe that this new organizational arrangement is going to assure better performance in both collecting and interpreting intelligence for this country.

The President, the Vice President, and many other of our top officials have spent much time working out this new reorganization. I believe this evidences the keen awareness throughout the top echelons of our government that good intelligence is perhaps more important to our country today than in any time since the creation of the Central Intelligence Agency thirty years ago.

Thirty years ago we enjoyed absolute military superiority. Since that time the failure of the Soviets to make their system grow adequately in areas other than the military has led them to accent that particular competition. They have, I believe, achieved a position of reasonable parity in most areas of the

Approved For Release 2001/11/08 : CIA-RDP80B01554R002700290001-5

military. That parity places greater value on our intelligence product as an important adjunct of our military. When you know your enemies potential and something of his intentions, you can use your forces to much greater advantage. He doesn't normally reveal that information outright, but if we can pick up pieces of information here and there, over time you can bring those pieces together to tell you important things about your enemy. This gives your military commanders greater leverage in the use of their forces and the upper hand in any confrontation of their otherwise equal forces.

Let's look past the military scene. Thirty years ago we were also a dominant and independent economic power. Today we are dependent on other countries in an economically interdependent world. This growing interdependence and the impact on our and other national economies on each other is more and more apparent. Here too, I believe, we desperately need good intelligence to make sure that we don't lose our shirt in the international economic arena.

Politically, thirty years ago we were the dominant influence in the world. Today even some of the most underdeveloped, emerging nations insist on

a totally independent course of action. They go their own way and refuse to be directed to by the Soviets or ourselves. Here again, we must be smart. We must understand other nation's attitudes, cultural imperatives, and outlooks so that we will not be outmaneuvered in the process.

At the same time that we are trying to produce better intelligence in all three of these fields, we must be careful not to undermine the principles on which our country was founded or the standards by which we live in the process of so doing. Thus, the second leg of the President's new policy is better oversight. The cornerstone of all oversight is the keen and regular participation of both the President and the Vice President in the intelligence process. I can assure you they are both very much active participants.

Beyond that there are two intelligence oversight committees in the Congress. The Senate Select Committee on Intelligence was formed a year and a half ago and has been working closely with the Intelligence Community. We have a relationship here of closeness but yet aloofness. Closeness in that I feel very free



in going to them for help and advice particularly when I'm involved with other committees of the Congress and there may be boundaries that are being encroached upon. But aloofness in that I very definitely report to them. When they call and want to know what we are doing and how we're doing it and why, I am answerable to them. It is a good oversight procedure and it is working well.

The House of Representatives, last August, set up a corresponding committee. We are sure that that relationship will develop as has the one with the Senate.

Beyond this the Intelligence Oversight Board oversees our activities. Three distinguished Americans, former Senator Gore, former Governor Scranton, and Mr. Thomas Farmer, a lawyer from Washington, are appointed by the President, with their only task to oversee the legality and the propriety of our intelligence operations. They report only to the President. Anyone may go to them, bypassing me, and say look, that fellow Turner, or somebody else in the Intelligence Community is doing something he shouldn't be doing. The Board will look into it and let the President know whether they think corrective action is necessary.

Now let me be perfectly honest with you. There are risks to this or any oversight process. The first risk is that timidity may reduce the intelligence effort. It is easy when acting as overseer not to take a risk, not take a chance. But in so doing, we could fail to do things that could be very important to the long term benefit of our country. It might place the avoidance of current risk over the gaining of long term benefits.

The second risk is the risk of security leaks. The more you proliferate the number of people privy to secret or sensitive intelligence operations, the more danger there is of some inadvertent leak. I am confident at this time that we are moving to establish a healthy balance between the degree of oversight which will ensure proper intelligence activity and the degree of secrecy by which permit necessary intelligence operations to be protected. But it will be two or three years before we shake this process out and establish just how those relationships are going to function best. During that time, we are going to need the understanding and support of the Congress and that of course means the support and understanding of the American people.

Approved For Release 2001/11/08 : CIA-RDP80B01554R002700290001-5

Accordingly, we are now reappraising the traditional outlook toward secrecy, toward relationships with the public. We are adopting a policy of more openness, in the hope that we can be more forthright at the same time as we ensure preservation of that secrecy which is absolutely fundamental. As a first step we've tried to be more accessible to the media. We have appeared on Good Morning America, 60 Minutes, Time magazine. Also we are trying to respond more candidly to inquiries from the media. We try to give substantive, meaningful answers whenever we can, within the limits of necessary secrecy.

But perhaps of more interest to those of you who are concerned with international affairs, we are trying today to share more of the product of the intelligence effort. More of the analyses, the estimates, the studies that we do. It is our policy to carefully examine every study we do, whether it is secret, top secret, or destroy before reading to determine if it can be reduced to unclassified form and still be useful to the public. If it can be done, we feel we have an obligation to print it and publish it. We are doing that to the maximum extent we can. We hope they will be of value and perhaps help improve the general quality and tenor of debate on major issues affecting our country.

Approved For Release 2001/11/08 : CIA-RDP80B01554R002700290001-5

You may have heard last March of our study on the world energy outlook. We have recently done another one on the world steel prospects - whether there is over-capacity; what the expected demand may be. We have published studies on the Chinese and Soviet energy prospects. And, under the egis of the Joint Economic Committee of Congress, last July we published one on the outlook for the Soviet economy itself. Let me describe that very briefly to give you the flavor of what we think we can put out in unclassified form.

Previously, the CIA has looked at the Soviet economy and felt that generally it had the capability to achieve three things:

- 1) to sustain the level of military growth that would permit them to catch up with us generally;
- 2) to make improvements, if not spectacular improvements, in the quality of life inside the Soviet Union; and
- 3) to sustain enough investment to carry on a generally growing economy.

Approved For Release 2001/11/08 : CIA-RDP80B01554R002700290001-5

Our most recent study reexamines these premises and comes to the conclusion that the outlook for the Soviet economy is bleaker today than at any time since the death of Stalin. This is based on our belief that the Soviets have maintained their levels of productivity over these many years primarily by infusing large quantities of labor and capital. We believe they are coming to a dead end here. For example, in the 1960's they had a very big drop in their birth rate. In the 1980's the rate of growth of their labor force will drop correspondingly from about 1.5% to about 0.5%. They will not be able to find the additional labor to keep up their productivity. Also, a lot of the growth of their labor force today is coming from the central Asian areas of the Soviet Union where there is serious resistance to the idea of migration to the big cities.

Secondly, their resources are becoming more scarce. They must reach further into the Siberian wasteland for minerals. This is more difficult and more costly. Less petroleum can be brought in than before because their emphasis in recent years has been on current production at the expense of developing reserves and new supplies.

Approved For Release 2001/11/08 : CIA-RDP80B01554R002700290001-5

Now if you look carefully at the Soviet's own five year development plan, you will see that they themselves predict they will not be able to infuse the same amount of capital or labor as they have in the past. However, they do conclude that somehow and nonetheless they will increase productivity. We don't think that is in the cards. We see no sign of increasing efficiency, nor any sign of a willingness to become less shackled to the economic doctrines which are fundamental to their growth problem. Instead, we think that between now and the early 1980's the Soviets are going to be faced with some difficult pragmatic choices:

- (1) There may be a debate over the size or the amount of investment in their armed forces. Clearly, this is one avenue to find labor and capital.
- (2) Another may be over whether they will continue to fulfill their promises for the delivery of oil to their Eastern European satellites. From exports of 1.6 Mbb1 to E. Europe, they may have to reduce to something like 800,000 bbl. That would mean an increased oil bill for E. Europe of \$6-7B/yr in probable 1983 prices. Will they be able to afford to do this when it becomes more and more

difficult for them to obtain hard currency?

- (3) And third, how will they obtain the necessary foreign exchange to sustain the rate of infusion of American and Western technology which they are currently depending upon to increase & improve their economic position? The Soviet hard currency debt is \$16B and E. Europe's is \$24B. Both are rising rapidly - an annual rate of \$54B/yr. since 1973.

Interestingly, when they face these and other decisions, there is a high probability that they will be in the midst of a major leadership change. It could be a very difficult time for them. It may go very smoothly if they made the right decisions and are willing to sacrifice other things; we just can't tell.

One of the important points that comes out of all this is that we believe as they make these policy decisions, it will not be remote from you and me, it will be important to us both. What they do with their armed forces obviously impacts on what we do with ours. What they do with their oil inputs to the Eastern European countries and whether that area remains politically stable is going to have major impact on the events throughout the European scene. If there is too much competition for energy because they don't produce what they need will affect the world supply and price of petroleum. If they enter the money markets in an attempt to borrow more from us and others in the West what will be our response? What will be our policy?

Now let me say that when we produce a study like this we are not so confident that we present it as the future revealed. We are merely providing our best reading of the clues we see. We expect others may disagree with us. But this too is productive. A good debate generates a good dialogue on important issues. When we did the oil study last March, for instance, it was criticized in the press. We then wrote to the professors, the oil companies, to think-tanks which had criticized our conclusions and we asked them to detail their criticisms for us. Those who did we invited to come into the Agency for a day of discussions with the authors of the study. A very interesting and stimulating dialogue resulted from which both sides benefited. We hope that as more of our studies come off the press, we will increase our dialogue with the public.

However, let me assure you, while we're on this subject of openness that we cannot and we will not open up everything. There clearly must be some secrets which remain. Some of the information behind the Soviet oil and economic studies clearly was derived from very sensitive sources which would dry up if they were revealed. Thus, it is important to remember that while we move ahead, increasing a public dialogue and trying to build public understanding and respect for what we are doing,



we must also obtain the public's understanding that a level of secrecy must be preserved.


In short, we're moving in two directions at once today. On one hand we are opening up more. But, in that process we expect to protect those secrets which remain better classified. When too much is classified it is not respected. The other direction we are moving is to tighten the barriers of security around what must be kept secret.

And in so doing, we are trying to develop a model of intelligence uniquely tailored to this country, which balances an increased emphasis on openness with a firmer resolves to preserve that which is truly secret. The model emphasizes the continued necessity of providing good information to our policy-makers while at the same time responding to effective control.

I am confident, that although this model is still evolving, it will guarantee that necessary intelligence operations are carried out only in ways which will in the long run strengthen our open and free society.

Thank you very much.

STATINTL

EDITED VERSION  did editing  
and made distribution through-  
out Agency)

copies to: OST, GWT, LLE

13 DEC 1977